

April 24, 1977

# Porno ring uses church, tax laws

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By MARILYN WRIGHT  
Record-Eagle Staff Writer

TRAVERSE CITY — A nationwide child pornography racket is hiding behind the moral aura and tax-exempt status of a church.

A four-month investigation conducted by The Record-Eagle has determined that the Church of the New Revelation of Kearny, N.J., is tied to an underground network that uses young boys for homosexual and pornographic purposes.

The investigation has further disclosed that the "church" and several other organizations like it have been granted income tax exemptions by the Internal Revenue Service, which considered them to be charitable organizations. It was also learned that principals behind the homosexual pornography racket had duped at least two states into paying for the care of children while they were used for homosexual

and pornographic purposes. Plans to apply for similar aid in other states, including Michigan, were in the works before they were uncovered by police.

This new information reinforces the theory held by law enforcement and child care authorities across the country that child pornography is not the work of a few "sick" amateurs, but of interconnecting organizations designed to profit substantially through the exploitation of children.

"It seems to be like spider webs strung out all over the nation," says Mason Spong, a New Orleans juvenile detective.

Three supposedly "charitable" organizations have already been pinpointed by police as alleged "fronts" for the production of pornography using young boys. They are Boy Scout Troop 137 of New Orleans, Boy's Farm Inc. of Alto, Tenn., and Brother Paul's Children's Mission, located on North Fox Island, which is part of Leelanau County just off Grand Traverse Bay.

In addition, three other corporations

were set up as "tax dodges" and used as fronts for the production of homosexual child pornography, according to the confessions of Gerald Richards, now serving time in Jackson Prison on a criminal sexual conduct conviction. Richards has identified the organizations as the Church of the New Revelation and the Ocean Living Institute, both of New Jersey, and the Educational Foundation for Youth of Illinois. He said all three were involved in promoting homosexual behavior between boys.

(Richards was president of Brother Paul's Children's Mission and director and operated under the auspices of the Church of the New Revelation.)

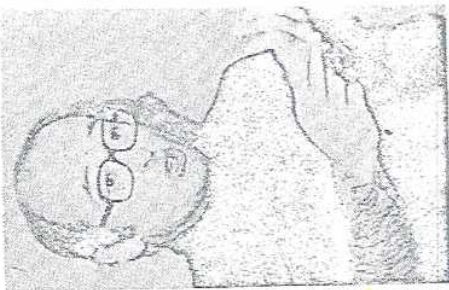
An investigation of incorporation papers in three states confirms that a central figure in all the organizations cited by Richards goes by the name of Adam Starchild, an alias according to New Jersey authorities. Starchild is listed as the president of the Church of the New Revelation and was the

primary incorporator of Brother Paul's. He is also listed as president of Ocean Living Institute and a trustee of the Educational Foundation for Youth.

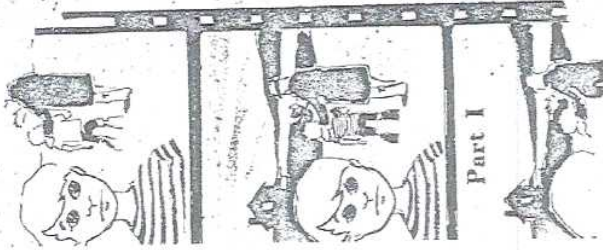
His name may be an alias but it's listed in the Kearny, N.J., telephone book and the man who answers says his name is Adam Starchild. In an interview with The Record-Eagle (see related story), he said the four organizations were not set up to be fronts for homosexual pornography but it is possible they may have been "used" for that purpose by Dyer Grossman, who has been identified as vice president of Brother Paul's, executive director of Ocean Living Institute and youth director for the Church of the New Revelation.

(Grossman, a New York teacher, is currently considered a fugitive from justice with federal flight warrants issued for his arrest on two counts of criminal sexual conduct with boys. Also being sought is Ann Arbor millionaire Francis D. Sheldon, who owns the

(Continued on Page 5)



Dyer Grossman  
...sought by police



MAVENSED CALL — THE NEWS SERVICE  
in the nationwide network of homosexual child pornography began to unravel last July when Michigan State Police arrested Gerald S. Richards, a 28-year-old teacher in Port Huron, and charged him with having sexual relations with a 16-year-old boy.  
In arresting Richards, who is now serving a two-to-10-year term in Jackson Prison, police agents also seized a vast amount of homosexual pornography which featured young boys as sex objects. Some of the material led police to suspect the nature of Boy's Farm, Inc., a boys camp in the tiny community of Alto, Tenn. Authorities there commenced an intensive investigation.

Other material hinted that North Fox Island, located in northern Lake Michigan, may have been used as a site for illicit relations with and between children.

In September, two months after his arrest, Richards was sentenced to jail after pleading guilty to criminal sexual conduct with a minor. The same month, authorities in New Orleans raided the headquarters of a Boy Scout troop and arrested the scout leader, charging him with running a homosexual pornography operation.

New Orleans police say that as many as 30 young boys, including wards of the Louisiana Welfare Department and members of the now-disbanded Troop 137, were used in the operation for homosexual relations and pornography.

So far, the raid has resulted in the arrest of 15 men from across the country. They are charged with conspiracy to commit aggravated rape and aggravated crimes against nature on juvenile males.

The raid on Boy Scout Troop 137 provided investigators with fresh evidence that Boys Farm in Alto, Tenn., was also using young boys for similar purposes.

Tennessee authorities moved against the farm in November, arresting its director, The Rev. Claudius I. (Bud) Vermilye, Jr. The Episcopal priest has since been indicted on 16 separate counts alleging the use of boys for

the owner of North Fox Island, further

feeding the Michigan State Police investigation that had begun four months earlier with the arrest of Richards.

Incorporation papers filed with the Michigan Secretary of State identified Sheldon as director of "Brother Paul's Children's Mission," purportedly

located on the island. In December, an arrest warrant was issued for Sheldon charging him with criminal sexual conduct with a 14-year-old Port Huron boy.

Five days after The Record-Engle published a story revealing the presence of the "mission" on North Fox Island, police issued a second warrant for Sheldon's arrest, charging him with

Revelation in Kearny, N.J. Officers of

the "church" were the same people listed as incorporators of the "children's mission." Grossman served

as vice president of the mission and as "youth director" of the church. He was also listed as executive director of Ocean Living Institute of Kearny, N.J.

And the incorporators of the children's mission have been identified as the same people who serve as officers of Ocean Living Institute, and the Educational Foundation for Youth. All

appear to have been created in conjunction with the Church of the New Revelation.

—Marilyn Wright

4/17/74

# Arrest helped unravel nation

**TRAVERSE CITY** -- The first thread in the nationwide network of homosexual child pornography began to unravel last July when Michigan State Police arrested Gerald S. Richards, a 24-year-old teacher in Port Huron, and charged him with having sexual relations with a 10-year-old boy.

In arresting Richards, who is now serving a two-to-10-year term in Jackson Prison, police agents also seized a vast amount of homosexual pornography which featured young boys as sex objects. Some of the material led police to suspect the nature of Boy's Farm, Inc., a boys camp in the tiny community of Alto, Tenn. Authorities there commenced an intensive investigation.

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Tennessee authorities moved against the farm in November, arresting its director, The Rev. Claudius I. (Bud) Vermilye, Jr. The Episcopal priest has since been indicted on 16 separate counts alleging the use of boys for homosexual and pornographic purposes.

Among items seized in the raid were pictures and films depicting homosexual acts between youths at the farm and a list of more than 270 "active sponsors" of the farm.

One of the sponsors listed was Ann

Arbor millionaire Francis D. Shelden, the owner of North Fox Island, further feeding the Michigan State Police investigation that had begun four months earlier with the arrest of Richards.

Incorporation papers filed with the Michigan Secretary of State identified Shelden as director of "Brother Paul's Childrens Mission," purportedly located on the island. In December, an arrest warrant was issued for Shelden charging him with criminal sexual conduct with a 14-year-old Port Huron boy. Five days after The Record-Eagle published a story revealing the presence of the "mission" on North Fox Island, police issued a second warrant for Shelden's arrest, charging him with

criminal sexual conduct with an eight-year-old boy on the island.

Also charged is 35-year-old I Grossman, a New York teacher w listed as vice president of Bro Paul's. Grossman is accused criminal sexual conduct with a 10-year-old boy and a 14-year-old boy in Huron. Both men are missing and sought by the Federal Bureau Investigation as fugitives from ju

The identification of Grossman locked a whole new area in The Record-Eagle's investigation. By checking incorporation documents in Michigan, Delaware, and New Jersey, the spaper was able to establish a link between Brother Paul's Chil

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# Key figure 'doesn't exist'

By MARILYN WRIGHT  
Record-Eagle staff writer

TRAVERSE CITY — Adam Starchild does not exist. That's the word from Frank Holstein, chief investigator for the New Jersey Commission of investigation who has been searching state computers and files for a solid lead to the man.

The crime commission wants to talk to Starchild about his involvement in several organizations that are suspected of using children for homosexual acts and the production of pornography.

Holstein says Starchild is an alias and other Record-Eagle sources back that up.

Nonetheless, when the newspaper combed New Jersey telephone books it found a listing for Adam Starchild. The listing gave no address but the number matched the one given for Ocean Living Institute, one of the suspect organizations which names Starchild as an officer. The name is also listed as an original incorporator of Brother Paul's Children's Mission on North Fox Island, president of the Church of the New Revelation of New Jersey, and as a trustee of Educational Foundation for Youth of Illinois.

All four organizations have been identified by Gerald Richards the president of Brother Paul's, as "fronts." He has

told police that the real purpose of the organizations is to promote homosexual behavior between boys, take pictures of it, and sell them through the nation's underground pornography distribution network. (Richards is now serving a two-to-10-year term in Jackson Prison for having sexual intercourse with a 10-year-old boy).

"Starchild" — or at least a man who says he's Starchild — tells a slightly different story. Contacted at the number given for Ocean Living Institute, he said that the organizations were not set up for the purpose of using young boys to produce homosexual pornography, but — added that the organizations may have been "used" for that purpose by Dyer Grossman. Grossman, a New York State teacher, has also been connected to the organizations being investigated. He's currently being sought by the FBI on a flight warrant that declares him to be a fugitive from justice. He's charged with criminal sexual conduct involving a 10-year-old boy and a 14-year-old boy, in Port Huron.

During the conversation, "Starchild" claimed he was unaware of the existence of Brother Paul's Children's Mission until he read about the allegations revealed in the Record-Eagle last December. The articles, he said, were sent to him anonymously from Detroit.

"We signed the incorporation papers but then never heard anything more about it," he said.

He said he had heard about Francis D. Sheiden, the Ann Arbor millionaire and owner of North Fox Island, through Grossman, but said he had never met him.

"Grossman told me there was a wealthy Michigan man who was interested in donating money to the church and Ocean Living Institute," he said. Sheiden, 48, is also being sought by the FBI, accused of having sexual relations with an 11-year-old boy and with an eight-year-old boy.

"Starchild" says that the Church of the New Revelation and the institute are "relatively inactive," and both are "post office box operations."

The church is "small, local and private," he said, meeting in "members' homes. It's a "low budget" operation, he said, with an "annual budget under \$100." The church has approximately "two dozen" members, Starchild says.

Ocean Living, however, has an active "mailing list of 2,000." He says his interest in the institute is "purely business," adding that he believes there is a great future in underwater exploration.

Records of Ocean Living, however, disappeared along with Grossman, he said.

Asked about a summer camp Ocean Living is supposedly operating for junior high students, "Starchild" replied that that was one of Grossman's "pet projects," but "nothing ever came of it."

He said Grossman was scouting

locations for the camp in California but was unresponsive whenever he was asked about it.

When questioned about a brochure published by Ocean Living which contains photographs of children at summer play, he claimed that it was "an old brochure" and that Grossman had supplied the photographs for it.

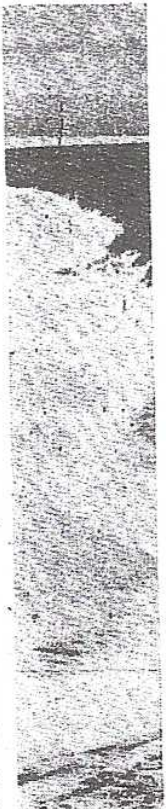
"Starchild" appeared surprised when asked about Educational Foundation for Youth. "How did you hear about that?" he asked. "It never got off the ground." When told that there had been allegations that it, too, was set up as a tax dodge or front organization for child pornography, he replied that it existed only on paper.

"It was formed but nothing ever came of it," he said, adding that it, too, was one of Grossman's "pet projects."

The founders of the church went along with Grossman's suggestions, he said, "because they sounded good and could give the church some steady income."

Asked about allegations that the Church of the New Revelation had placed advertisements in Better Life Monthly, a publication pandering to "boylovers," he said that the church had never placed any ads in any magazines, but amended his statement to say that the church had never "authorized" the advertisements. He "supposed" Grossman may have placed some.

Grossman had come to the institution highly recommended, "Starchild" said, with a masters degree in oceanography and experience working with youth. "Money was no problem," he added, because Grossman came from a "wealthy Long Island family."



Police suspect that for a camp alleged owned by Francis police. (Record-Ea

## ...Porn ring hidden

(Continued from Page 1)

island where Brother Paul's is purportedly located. He's also charged with two counts of criminal sexual conduct with boys and being sought under a



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April 5, 1977

# Tennessee boy farm linked to fake church

By MARILYN WRIGHT  
Record-Eagle staff writer

TRAVERSE CITY — Tennessee authorities Monday confirmed Record-Eagle reports that the Church of the New Revelation is a front organization in a nationwide child pornography network.

Pete Bouldin, an investigator with the Tennessee Attorney General's Office, said the New Jersey "church" also turned up in their investigation into Boys Farm, Inc. The farm claimed to be a rehabilitation center for juvenile offenders but authorities say it was actually a center for homosexual activities.

"There is no church," he said, "it's just a referral agency which distributes the pornography around the country."

When Tennessee police raided Boys Farm last November, they seized films and photographs depicting homosexual

acts between youths at the farm and also confiscated lists of "sponsors" from throughout the nation.

Ann Arbor millionaire Francis D. Sheldon, sought by state police and the FBI in connection with an alleged pornography ring operating in Michigan, was listed as one of the more than 270 sponsors. Sheldon owns North Fox Island, part of Leelanau County located just off Grand Traverse Bay.

The Church of the New Revelation's ties to the underground network were revealed by the Record-Eagle Monday, following a four-month investigation into another suspect organization, Brother Paul's Childrens Mission on North Fox Island.

Also revealed as fronts and tax dodges were Ocean Living Institute of New Jersey, and Educational Foundation for Youth of Chicago.

The investigation further disclosed

that the so-called "charitable" organizations had been granted income tax exemptions by the Internal Revenue Service. Plans by the organizations to apply for child care funds for similar homosexual pornography operations in several states, including Michigan, were in the works before they were uncovered by state police.

The Tennessee investigator said his office also believes that child pornography is the product of a "giant" conspiracy.

Bouldin declined further comment because of the upcoming trial of the Rev. Claudius I. Vermilye Jr., director of the Tennessee boys farm. The Episcopal priest has been indicted on 16 separate charges of child abuse stemming from alleged homosexual acts at the farm.

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## Police seek tougher child porn penalties

LANSING (UPI) — Police officers, some of them describing highly organized networks dealing in child pornography, asked a House committee Monday to toughen its proposed penalties for the producers of such materials.

Officers from Detroit and the Muskegon area grimly displayed confiscated pictures depicting young children involved in sex acts, and were joined by State Police and Lansing detectives in calling for jail terms above the contemplated 1-4 years.

"The man gets one year and the child gets a lifetime of horror," Detroit Lt. Isaiah McKinnon told a special subcommittee of the House Social Services and Youth Committee.

The panel is conducting hearings on legislation proposed by Rep. Larry E. Burkhalter, D-Lapeer, that would impose new penalties on the producers of child pornography and on parents who encourage their children to participate in it.

Muskegon area officers played a tape recorded interview with a man — whom they refused to identify — who was eventually convicted of criminal sexual conduct and who was suspected of having taken pornographic pictures of hundreds of children since the 1950s.

Burkhalter's legislation, they said, would have made it much easier to shut down the apparent porno mill. Prosecutions now must be brought under criminal sexual conduct statutes which do not take into account persons filming illicit sex acts.

McKinnon said that so-called "chicken pimps" in Detroit solicit youngsters to take part in the manufacture of pornography. Children can earn up to \$75 a day by complying, he said.

Sgt. Darrell H. Pope, head of the sex-motivated crimes division of the state police, called for heavier penalties and also asked the committee to ban possession of pornographic materials involving children.

Pope said he had extensive conversations with a porno dealer in another state two years ago and was told about 20 stores in Michigan sell such materials.

He said his investigations showed that, in 41 per cent of all sex crimes, the offender viewed pornographic materials "prior to or during the act."

The committee also received expert testimony that prepuberty sexual experiences can have a devastating effect on a child's psychological makeup.

Meanwhile, legislation addressing the same issue was introduced in the Senate by Sen. David A. Plawecki, D-Dearborn Heights.

Under the Plawecki bills, the production or financing of child pornography would be a felony punishable by up to 10 years in prison.

1-4 yrs!!  
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## ...Church tied to boys' farm

(Continued from Page 1)

In a related development Monday, a Boston millionaire pleaded innocent in a New Orleans district court to a 15-count indictment charging him with participating in an alleged homosexual ring involving Boy Scout Troop 137.

Richard C. Jacobs, president of the worldwide Jet Spray Corp., pleaded innocent to charges of aggravated crimes against nature with boys between the ages of 12 and 15.

Jacobs entered the plea before Criminal District Court Judge Oliver Schulingkamp. Judge Schulingkamp refused to release the financier on \$25,000 bond posted on two previous counts of conspiracy and ordered another \$25,000 posted.

Jacobs is one of 18 men charged with conspiracy, aggravated rape and aggravated crimes against nature on New Orleans boys between the ages of nine and 14.

He is also wanted by British authorities, informed sources say, on an outstanding warrant for "buggery."

The New Orleans charges stem from a police raid on the home of Richard Halverson, 51, the former Boy Scout troop leader.

# Tax

By MARILYN WRIGHT  
Record-Eagle staff writer  
TRAVERSE CITY — Thou shalt steal, especially tax dollars. Of course, you're granted license by glaring loopholes in federal tax laws. Such loopholes have been detected and exploited by abusers and pornographers.

A four-month investigation Record-Eagle revealed Monday ring of child abusers and pornographers, operating through church, child care and child front organizations, have been tax-exempt status by the Revenue Service for some organizations and activities.

A case in point is the Church of the New Revelation, based in New York which authorities believe is part of a network of child pornography and which was the original Brother Paul's Children's Mission.

Brother Paul's own I characterized the organization as a nature camp for young boys. It has been told the camp was on North Fox Island off Grand Bay and was a production of homosexual child pornography.

Brother Paul's, originally in Michigan as an arm of the Church of the New Revelation, was incorporated as a non-profit corporation. The organization incorporated is exempt from paying state taxes.

But even more important of the Church of the New Revelation Brother Paul's was also exempt from paying federal taxes.

Under Sec. 501 (c) 3. of the Internal Revenue Code, federal status is automatically granted to corporations, and any community fund, or foundation, or operated exclusively for charitable, scientific, testing, literary, or educational purposes, or to foster national amateur sports or for the prevention of cruelty to children or animals.

There are some provisions which mainly that no part of the benefit private shareholders. The section on dissemination of propaganda to influence legislation into political campaign.

In a Restated Certificate of Incorporation filed in 1976, the Church of the New Revelation added to comply with the IRS Code the exact wording of Section 501 (c) 3.

After stating that no would benefit its members or other private individuals, the corporation shall be authorized to pay reasonable salaries and make payments and furtherance of the purposes of the Church of the

## Two sought in connection with child porno operation

(Continued from Page 1)

"Who cares???" he said. Investigators, however, have expressed fears that the now dormant companies could be re-activated in the future.

The search for Shelden and Grossman began last December when state police issued warrants for their arrests on two counts each of criminal sexual conduct.

Grossman's alleged sexual misconduct involves 10- and 14-year-old Port Huron boys in that city and Detroit.

The charges against Shelden stem from alleged homosexual acts with an

eight-year-old boy on North Fox Island and a 14-year-old boy in Port Huron.

State police also have tentatively identified photographs which have appeared in hard-core pornographic magazines as having been taken on the 800-plus acre island preserve owned by Shelden.

Federal authorities joined in the search for the fugitives last February, fanning out from Michigan to Massachusetts, New York, New Jersey, New Hampshire, Connecticut, Pennsylvania, North Carolina, Tennessee, Georgia, Florida, Oklahoma, Kansas, Texas, Colorado, Utah, Arizona, California, Oregon, Washington, Hawaii, and the West Indies.

Shelden's plane was located Feb. 11 in Prescott, Ariz., where it had been flown from Provo, Utah. Its new owner, Alpine Aviation, told reporters the company had purchased the twin-engine Piper Seneca a few months earlier from Combsgate Aviation in Denver.

Kent Winslow, a spokesman for Combsgate, told the Record-Eagle that the firm had taken the plane on consignment and sold it a month later to Alpine. The man acting as Shelden's agent in that transaction, Winslow said, identified himself as "Adam

formation and said he was acting on behalf of Shelden."

Starchild had Shelden's power of attorney, Winslow said, and the check for the purchase was sent to Shelden in care of Starchild.

Personal belongings of Shelden's which had been left in the plane also were mailed to Starchild at the Kearney, N.J., address of the suspect Church of the New Revelation, Winslow said. These items were the "usual things" carried by pilots, he said, such as a coffee thermos, portable radio, flashlight, and other survival equipment.

Starchild, however, told reporters that he never met Shelden, referring to him only as "a wealthy Michigan man" mentioned to him by Grossman as interested in donating money to the church and the oceanography institute.

FBI agent Mead Farmer said his office's primary interest in the case involves the fugitive warrants and any associated federal charges such as obstruction of justice or lying to a federal officer.

He added, however, that new federal laws regarding child pornography recently passed by Congress may give the Federal Bureau of Investigation more authority to act in these types of cases.

"We're gearing up for it," Farmer said.

# Porn suspects view

By MARILYN WRIGHT  
Record-Eagle staff writer

TRAVERSE CITY — Two men arrested by Chicago police Monday in connection with a nationwide child pornography and boy prostitution network have been linked to a children's summer camp in Michigan.

And sources close to the investigation have told the Record-Eagle that names of "several" Michigan men appear on the list of 5,000 network "clients."

Chicago youth officers today plan to view 69 rolls of pornographic film confiscated from the home of Dr. Lloyd Lange, 42, a dentist from the Park Ridge suburb of Chicago.

One of the films seized by police is reported to bear the label, "John Bell — Michigan trip."

Lange was arrested along with Bell, 19, David Welch, 26, and David John Berta, 32, and charged with taking indecent liberties with children and contributing to the sexual delinquency of minors.

Lange and Bell are reported to be part owners or directors of a summer camp near the Yankee Springs Recreation Area located between Grand Rapids and Kalamazoo.

Sgt. Mike Moyes, with the Community Affairs Division of the state Police in Lansing, said there are several camps in that area. State police are working with the Department of Social Services, he said, in an effort to trace the camp allegedly owned by the two men.

Monday's arrests are part of a growing crackdown by law enforcement officers investigating the sexual exploitation of children across the country.



Francis D. Shelden

Several links to the nationwide network were exposed in Michigan following a four-month investigation by the Record-Eagle.

That investigation revealed that four so-called charitable organizations which had been granted tax-exempt status by the Internal Revenue Service allegedly were being used as "fronts" for the pornography racket.

Named were the Church of the New Revelation and Ocean Living Institute, both New Jersey organizations; Brother Paul's Childrens Mission, on North Fox Island off Grand Traverse Bay; and Educational Foundation for Youth, in Chicago.

The first thread in the pornography network began to unravel last July when state police in St. Clair arrested a 36-year-old Port Huron teacher, Gerald S. Richards, on charges of criminal sex-

ual conduct with a 10-year-old boy.

Pornographic material confiscated from Richards led police to suspect that North Fox Island, in Leelanau County and Boys Farm, Inc., a rehabilitation center for runaways and juvenile offenders in Alto, Tenn., were being used as sites for illicit sexual relations with and between children.

In September, two months after his arrest, Richards pleaded guilty to one count of criminal sexual conduct and was sentenced to 2-to-10 years in Jackson Prison. That same month, New Orleans authorities raided the headquarters of a Boy Scout troop and arrested the Scout leader, Richard Halverson, and charged him with running a homosexual pornography operation.

In all, 19 men have been charged in connection with the New Orleans ring. Three of the men have either pleaded guilty or been convicted, one is presently on trial, and four are fugitives.

Evidence seized in that raid also pointed toward the boys farm in Tennessee and, in November, authorities there raided the farm and arrested its director, The Rev. Claudius I. (Bud) Vermilye Jr. The Episcopal priest was indicted on 16 counts of criminal sexual conduct and will go to trial May 31.

One of the sponsors of the Tennessee farm was Ann Arbor millionaire Francis D. Shelden, the owner of North Fox Island. That information gave added drive to the Michigan State Police investigation into Brother Paul's Childrens Mission.

Shelden, 42, and a New York man, Dyer Grossman, 35, have been charged with two counts each of criminal sexual conduct and are presently fugitives from justice. Both were listed as officers and directors of Brother Paul's Childrens Mission on North Fox Island where some of the alleged sexual mis-

conduct is reported to have taken place.

Prior to warrants being issued for his arrest and his subsequent disappearance from Michigan, Shelden served on the board of directors at Cranbrook Institute of Science and Boys Republic, Inc., and was a volunteer with the "Big Brother" program sponsored by the Ann Arbor YMCA.

Grossman taught science at two private boys' academies on the east coast.

Terming child pornography "an outrage," House Judiciary Committee

Chairman Pete scheduled hearing.

The House J on Crime will n to explore all nography and p will be chaired by Conyers, D-Mich man.

"The child p aroused great people," Rodin to be dealt with



## ...Porn ring hidden

(Continued from Page 1)

island where Brother Paul's is purportedly located. He's also charged with two counts of criminal sexual conduct with boys and being sought under a federal flight warrant.)

Authorities in Tennessee and Louisiana have already admitted that their welfare departments were duped into making payments to help support children used for homosexual and pornographic purposes, in the belief they were aiding legitimate charitable organizations. Not until police raids closed down the Boy Scout Troop in Louisiana and the camp in Tennessee did the states realize the kind of camps they were subsidizing.

A plot to establish homosexual pornography camps in several other states with the help of state and federal aid was exposed by Michigan State Police with the arrest of Richards. They found in his possession a letter purportedly from Grossman suggesting prospective sites for "child care" organizations.

The letter speaks of how lucrative such "child care" sites can be, explaining that counties would pay up to \$150 per month per boy; state agencies would pay up to \$400 per month per boy; and federal agencies would pay up to \$700 per month per boy.

The letter and other information obtained by police suggest government funds could be used to help support current or potential child care operations in Michigan, New Jersey, California, Arizona, Texas, Vermont, Washington, Oregon, and the District of Columbia.

The letter also suggests that profitability can be maximized if each such child-care site is set up under the auspices of the Church of the New Revelation or the Educational Foundation for Youth because of the income tax exemptions they had been granted by the Internal Revenue Service.

A check by The Record-Eagle confirmed that the IRS had indeed declared both organizations to be exempt from taxes without challenging or investigating their claim of being charitable organizations. The same "automatic" exemption was also granted to Ocean Living Institute.

On the surface, all three organizations appear to be legitimate religious and educational institutions in compliance with the IRS Code governing federal tax-exempt status.

Both the church and the institute were incorporated in Delaware in 1974, listing principal places of business in New Jersey.

The church was formed to train and indoctrinate ministers and brothers and sisters in the principles and teachings of the church and to ordain them to carry out its work, according to its articles of incorporation.

Ostensibly, Ocean Living was formed to promote education and research in



Francis D. Sheldon  
...an elusive millionaire

placed in Better Life Monthly.

Better Life, with publishing offices listed at 256 S. Robertson, Beverly Hills, Calif. (a mail-forwarding address), was advertised in literature distributed within the homosexual community as "a monthly paper serving the interest of pedophiles (for whom children are the preferred sexual objects) world wide. Features legal advice, media reviews, photos, poetry."

In another offering, Better Life Monthly was advertised as a "paper with articles, photos, poems, etc. relating to the subject of boylove. Also ads which put you in touch with others of like interest."

Its masthead proclaims that it is "the news magazine of Better Life, an international service organization that is seeking liberation for boys and boy-lovers."

Sheldon, the missing Ann Arbor millionaire, has been named by Richards as a staff writer of the publication, police say.

According to Richards, the church offered to help Better Life readers set up child care organizations and camps.

Richards replied to the ad, he told police, and "Reverend" Grossman came to Port Huron from New Jersey to help set up Brother Paul's Childrens Mission.

It was on this trip, state police say, that Grossman is alleged to have committed homosexual acts with two Port Huron boys, ages 10 and 14. Police have photographs of the 10-year-old in the motel room where police say the incidents took place.

Sheldon is accused of criminal sexual conduct involving a 14-year-old boy at Port Huron and with an eight-year-old boy on North Fox Island.

help support  
child care  
Michigan, New Jersey,  
Arizona, Texas, Vermont,  
Washington, Oregon, and the District of  
Columbia.

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A check by The Record-Eagle confirmed that the IRS had indeed declared both organizations to be exempt from taxes without challenging or investigating their claim of being charitable organizations. The same "automatic" exemption was also granted to Ocean Living Institute.

On the surface, all three organizations appear to be legitimate religious and educational institutions in compliance with the IRS Code governing federal tax-exempt status.

Both the church and the institute were incorporated in Delaware in 1974, listing principal places of business in New Jersey.

The church was formed to train and indoctrinate ministers and brothers and sisters in the principles and teachings of the church and to ordain them to carry out its work, according to its articles of incorporation.

Ostensibly, Ocean Living was formed to promote education and research in oceanography.

Educational Foundation for Youth was more difficult to trace. The Secretary of State's office in Springfield, Ill. could find no record of its existence.

However, a clerk in Secretary of State's Chicago office, where the foundation allegedly was located, said it was a non-profit arm of a profit-making corporation.

Described as an import-export business, the parent company was incorporated in 1962 and was involuntarily dissolved in 1975 for failure to pay state franchise taxes.

Nonetheless, the IRS continued to extend tax-exempt status to Educational Foundation for Youth ostensibly because it's an educational institution.

Richards, the convicted sex offender who admitted his involvement in the pedophile-pederast-pornography network, has told state police quite a different story.

He claims the Church of the New Revelation, Brother Paul's, Ocean Living Institute and Educational Foundation for Youth were set up as tax dodges and fronts for homosexual child pornography operations.

Richards told police that he first came in contact with the church through an advertisement it allegedly

children are the preferred sexual objects) world wide. Features legal advice, media reviews, photos, poetry.

In another offering, Better Life Monthly was advertised as a "paper with articles, photos, poems, etc. relating to the subject of boylove. Also ads which put you in touch with others of like interest."

Its masthead proclaims that it is "the news magazine of Better Life, an international service organization that is seeking liberation for boys and boy-lovers."

Shelden, the missing Ann Arbor millionaire, has been named by Richards as a staff writer of the publication, police say.

According to Richards, the church offered to help Better Life readers set up child care organizations and camps.

Richards replied to the ad, he told police, and "Reverend" Grossman came to Port Huron from New Jersey to help set up Brother Paul's Childrens Mission.

It was on this trip, state police say, that Grossman is alleged to have committed homosexual acts with two Port Huron boys, ages 10 and 14. Police have photographs of the 10-year-old in the motel room where police say the incidents took place.

Shelden is accused of criminal sexual conduct involving a 14-year-old boy at Port Huron and with an eight-year-old boy on North Fox Island.

April 5, 1977

The Record-Eagle, Traverse City, Mich. 49684

# Loopholes aid porn ring

was automatically granted federal tax-exempt status in 1976 following the amendment to its incorporation papers.

While Brother Paul's was originally chartered as an arm of the church, it later amended its articles of incorporation to become an independent entity which anticipated financial support from the church. It is not clear just why the division between the two organizations took place.

But at the same time Brother Paul's declared its autonomy it also amended its articles of incorporation to include the goal of establishing a home for temporary child care and the necessary legal language which would make Brother Paul's tax-exempt in its own right.

Following the severance of Brother Paul's from the church, the state attorney general's office classified Brother Paul's as a charitable trust.

Charitable trusts are subject to state Act No. 101 of the Public Acts of 1961, which requires trustees to file annually a copy of its certified audit report with the attorney general's office. That report must include a balance sheet, a statement of receipts and disbursements, and a list of assets including securities held.

However Act No. 101, Sec. 3, does not apply to "...an officer of a religious organization who holds property for religious purposes, or to a charitable corporation organized and operated primarily as an educational institution, including amateur theater, band and orchestra corporations, a religious organization or hospital."

Some doubt existed in the attorney general's office as to whether Brother Paul's was entitled to this exemption because of an amendment to its certificate of incorporation which appeared to sever the ties between Brother Paul's and the Church of the New Revelation filed in November of 1975.

That amendment stated that Brother Paul's "is not bound as a mission" of the church, although it would continue to receive "moral support, sponsoring patronage and financial assistance" from the church.

In June, 1975, the attorney general's office sent a letter to Gerald S. Richards, president of Brother Paul's, requesting the corporation to register with that office and file annual reports or prove its status as a tax exempt entity. There was no response.

A year and a half later, one month after the Record-Eagle published the story that Brother Paul's Children's Mission was believed by police to be a front organization for homosexual child pornography, the attorney general's office dispatched a second letter.

This letter was addressed to Francis D. Sheldon who, unbeknownst to the attorney general's office, was wanted by state police on warrants of criminal sexual conduct involving young boys.

Ron Styka, assistant attorney general in the charitable trust division, said his office is stymied. Unless papers can be properly served — that is received by Richards, Sheldon or Dyer Grossman, also a fugitive — the state is powerless to subpoena the corporate records. And, Styka agrees, it is "highly doubtful" that any records were kept.

There are other laws governing charitable organizations and solicitations, Styka said, but they, too, are full of loopholes.

Sec. 400.271 of Michigan Compiled Laws Annotated regulates organizations and persons soliciting or collecting contributions for charitable purposes.

But, just as the legislature can give the power to regulate solicitations for charity, it can also take it away. Sec.

400.272 states that the act "does not include duly constituted religious organizations or a group affiliated with and forming an integral part of the organization no part of the net income of which inures to the direct benefit of any individual if it has received a declaration of current tax exempt status from the United States."

The law goes even further, stating that "the affiliated group shall not be required to obtain a declaration if the parent or principal organization has obtained tax exempt status."

Considering that Internal Revenue Service "automatically" grants federal tax exempt status without as much as a cursory examination, the state laws governing charitable trusts appear to be ineffective in preventing so-called churches from avoiding state control or paying income taxes.

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\$3,000 from the 1976-77 budget along with an additional \$50,000 in other cuts. Nevertheless it will show a deficit.

Santer attempted to reduce the anticipated \$25,000 shortage by revising the bus transportation system which

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The Record Eagle, Franklin City, Mich., 1984

Wednesday, April 8, 1987

# Camp laws easily skirted

(Continued from Page 1)  
educational, recreational programs, equipment, and industrial supplies, to assure the healthy physical, emotional and mental development of children.

Provisioning to safeguard the legal rights of children, maintenance of records pertaining to admission, progress, health, and discharge of children.

Filing of reports with the department.

Discipline of children.

Transportation safety.

The rules certainly sound all in order, but the key seems to be whether or not camp operators apply for a license.

The directors of Brother Paul's Children's Mission did not apply for a license.

According to its promotional literature, the camp was in operation for two years, but the State Department of Social Services (DSS) was not aware of it until the Record Eagle revealed it in a story.

DSS official Mike Fritchome said all camps must be licensed under the law, however, unless the camp operator apply for a license or a particular camp inquiry into whether a particular camp is deemed the department has no way of knowing if a camp is operating.

Failure to acquire a license could operate a camp does carry a penalty of not more than \$100 or imprisonment for not less than 30 days nor more than 90 days or both. The offender is a misdemeanor and would not appear to be a strong deterrent to those who might wish to ignore the law.

Asked if his department ever checked with the state DSS department of Commerce to get names of new corporations which list as a stated purpose the establishment of a children's camp, Fritchome said the idea had never occurred to the DSS. "But it certainly seems like a good idea."

But even if Brother Paul's had in fact applied for a license, there is reason to believe that, without an unimpaired thorough investigation of all concerned, it might have been granted. On the surface, the principals involved appeared to be the right kind of people to run a children's camp.

Francis D. Richards, the president of the corporation and director of its nature camp, is now serving a two-to-five-year term in Jackson Prison on federal sexual conduct charges. But before his arrest, he was a physical education teacher at St. Joseph's Catholic School in Fort Hays, a businessman in that city and a candidate for local political office.

Francis D. Shields, a director of the corporation and owner of a Fifth Fox Island, the alleged location of Brother Paul's, is being sought by state and federal authorities on two counts of federal statutory rape involving criminal sexual conduct involving young boys. But he is also the millionaire son of a prominent Detroit state family, was a part-time university professor, a former director of Boys Republic and Campbrock, a figure of Science and a volunteer for Brother

Dyer, Grossman, vice president of Brother Paul's, also is a fugitive from justice. He is wanted on two charges of criminal sexual conduct. But he, too, is reported to be a member of a wealthy Long Island, N. Y. family, and taught several two exclusive boys schools on the east coast.

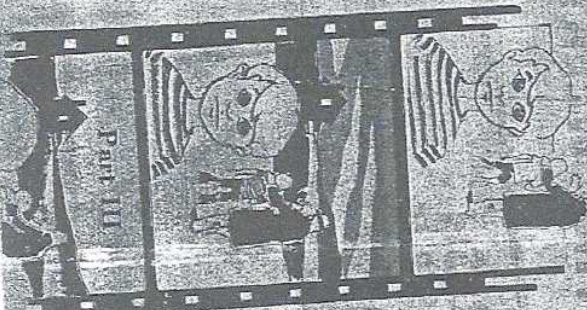
These three men apparently had all the credentials — education, wealth and respectability — to make them ideal applicants for licensing under Act 116.

Certainly North Fox Island — assessed at \$12,000 — would have met most of the criteria set down for camp facilities.

In addition, the camp was given even more of an air of respectability by the fact that it had a "church," sponsorship from the Church of the New Revelation. Without looking deeply into the background of the organization, DSS licensees would not likely have turned up the fact that the Church of the New Revelation is also suspected by police to be a front which set up similar child pornography camps elsewhere.

There appears to be evidence based on Brother Paul's own brochures that the camp was operating since 1978. If it was operating without a license, it clearly would have been in violation of the law.

The basic problem still remains, however: How can you enforce the law when you don't know such camps exist in the first place? And how powerful a deterrent does the law provide when violating it may mean as little as a \$25



# Porn ring finds gaps in child camp laws

Copyright 1977

Traverse City Record-Eagle  
By MARILYN WRIGHT  
Record-Eagle staff writer

TRAVERSE CITY — Most adults have happy childhood memories of summer camp. Among them are carefree days of cookouts, making leather belts, earning Red Cross swimming badges, and singing around the campfire late at night.

It comes as a shock, then, to learn that places such as Brother Paul's Nature Camp for Boys, alleged to have been a front for a child pornography operation located on North Fox Island just off Grand Traverse Bay, can and do exist.

State police are investigating charges that young boys between the ages of seven and 16 were drawn to North Fox Island with promises of an "unspoiled paradise," only to be lured or coerced into committing homosexual acts. This

activity was then photographed by adult directors, according to reports made to the state police, for use in hard-core pornographic magazines.

There are laws governing the establishment and operation of camps for children and the state Department of Social Services is charged with enforcing them along with regulations governing other child care organizations.

State Act No. 116 of the Public Acts of 1973 is specific about how such institutions should be run.

And, unlike the state laws governing charitable trusts and non-profit corporations, there are no exemptions. All child care organizations, including those run by churches, must be licensed.

The rules under which child care organizations are licensed concern such aspects as:

- The operation and conduct of child

care organizations and the suitability these organizations assure child care.

- The character, suitability, and qualifications of camp operators and other persons directly responsible for the care and welfare of children.

- The general financial ability and competence of applicants to maintain prescribed standards.

- The number of individuals and members required to insure adequate supervision and care of the children.

- The appropriateness, cleanliness, and general adequacy of the premises, including maintenance of adequate fire prevention standards to provide for the comfort, care, and well being of children.

- Provisions for food, (Continued on Page 7)

Traverse City, Mich. 49684

Wednesday, April 6, 1977

## Camp laws easily skirted

(Page 1)

titles, programs, financial supplies to physical, emotional, mental of children.



- Provisions to safeguard the legal rights of children.

- Maintenance of records pertaining to admission, progress, health, and discharge of children.

- Filing of reports with the department.

- Discipline of children.

- Transportation safety.

The rules certainly sound all inclusive, but the key seems to be whether or not camp operators apply for a license.

The directors of Brother Paul's Children's Mission did not apply for a license.

According to its promotion literature, the camp was in operation for two years, but the state Department of Social Services (DSS) was not aware of it until the Record-Eagle revealed it in a story.

DSS official Milt Firestone said all camps must be licensed under the law; however, unless the camp operators apply for a license or a citizen makes an inquiry into whether a particular camp is licensed, the department has no way of knowing if a camp is operating.

wish to ignore the law.

Asked if his department ever checked with the state Department of Commerce to get names of new corporations which list as a stated purpose the establishment of a children's camp, Firestone said the idea had never occurred to the DSS "but it certainly seems like a good idea."

But even if Brother Paul's had in fact applied for a license, there is reason to believe that without an unusually thorough investigation of all concerned, it might have been granted. On the surface, the principals involved appeared to be the right kind of people to run a children's camp.

True, Gerald Richards, the president of the corporation and director of its nature camp, is now serving a two-to-10-year term in Jackson Prison on criminal sexual conduct charges. But before his arrest, he was a physical education teacher at St. Joseph's Catholic School in Port Huron, a businessman in that city and a candidate for local political office.

Francis D. Sheiden, a director of the corporation and owner of North Fox

Dyer Grossman, vice president of Brother Paul's, also is a fugitive on criminal sexual conduct. But reported to be a member of Long Island, N. Y. family, a science at two exclusive boys' camps on the east coast.

These three men, apparent lack of the credentials — education and respectability — to meet the ideal applicants for licensing 116.

Certainly North Fox Island camp at \$312,000 — would have met the criteria set down in 116.

In addition, the camp was more of an air of respectability fact that it had a "church" front from the Church of the New Revelation. Without looking deeply into the background of the organization, licensers would not likely pick up the fact that the Church of Revelation is also suspected to be a front which set up child pornography camps elsewhere.

There appears to be evidence on Brother Paul's own bro-

Undated  
respectability turns many

# Child molesters defy image

Copyright 1977  
The Traverse City Record-Eagle  
By MARILYN WRIGHT  
Record-Eagle staff writer

TRAVERSE CITY — As the enlarged picture of the child pornography racket is brought into focus, the image of the "typical" child molester fades into the background.

In place of the "dirty old man in a trenchcoat," can be seen an intelligent well-educated male, cloaked in respectability. He also could be an astute businessman who uses tax dollars to support his perversion and line his pockets.

He might be the family priest, a scout leader or a Big Brother. Or he could be a child counselor, school teacher, camp director or probation officer. He could even be a millionaire.

The men so far identified by police as alleged child abusers and pornographers in the underground network are all of these.

Richard Halverson, 51, arrested by New Orleans

authorities for aggravated rape and aggravated crimes against nature on eight-to 12-year-old boys, was the former leader of Boy Scout Troop 137, disbanded following a police raid on its headquarters. He was also a probation officer and foster father to two young boys, wards of the state.

The Rev. Claudius I. (Bud) Vermilye Jr., 48, awaiting trial on 16 separate counts involving child abuse and por-

nography at Boys Farm, Inc. in Alto, Tenn., was an Episcopal priest. He was also director of the farm which received wards of the Tennessee courts.

Gerald S. Richards, 29, now serving a 2-10 year sentence in Jackson Prison for criminal sexual conduct with a 10-year-old boy, was the director of Brother Paul's Nature Camp for Boys, the alleged pornography operation on North Fox Island in northern Lake Michigan. He was also a school teacher, child counselor, licensed hypnotist, myomasiologist (Swedish, Japanese and Chinese massage), naturopathist, and candidate for political office in Port Huron.

Francis D. Sheldon, 48, sought by state and federal authorities on two counts of criminal sexual conduct involving eight and 14-year-old boys, was a director of Brother Paul's and owner of the island where illicit sex acts allegedly took place. He is also a pilot, geologist, part-time university professor, amateur botanist, land developer, oil consultant and investor. He earned a bachelor's degree from Yale and a master's degree from Wayne State University.

The family firm, Sheldon Land Co., developed Rosedale Park and Grosse Pointe Farm, two of Detroit's prestigious subdivisions.

Prior to his disappearance from Michigan and warrants for his arrest on the sex charges, the Ann Arbor millionaire served on the board of directors at Cranbrook Institute of Science and Boys Republic, Inc., both in the Detroit area, and was a volunteer with the "Big Brother" program sponsored by the Ann Arbor YMCA.

Sheldon's letter of resignation to Cranbrook was postmarked from Kearny, N. J. where two other suspected front organizations — the Church of the New Revelation and Ocean Living Institute — are purportedly located.

Sheldon also has been identified as a staff writer of Better Life Monthly, a publication promoting the "boylover" movement, police said.

For some time, the background of a man believed by authorities to be a kingpin of the child pornography racket remained almost as much a mystery as his present whereabouts.

Dyer Grossman, 33, disappeared approximately four months ago after he was charged in a St. Clair County warrant with two counts of criminal sexual conduct involving 10 and 14-year-old boys.

Grossman has been linked to four organizations suspected of being fronts for child pornography. He is listed as vice president of Brother Paul's Childrens Mission and executive director of Ocean Living Institute. He is also identified as "youth director" for the Church of the New Revelation and Educational Foundation for Youth. The latter organization is purportedly located in Chicago, Ill.

Based on information obtained from Grossman's New York driver's license, Ottaway News Service staffers traced him to an apartment in Carmel, N. Y. where he lived from August, 1975 to January, 1976.

Ms. Jerry Maldonado, manager, described Grossman as a "strange person, the way he came and went." The apartment was poorly maintained, she recalled, with barely any furniture and no curtains.

It was such a "dirty mess," Maldonado said, that Grossman did not get his \$275 deposit returned when he moved out.

The owner of the apartment, Ted McGlasson, confirmed the manager's description of the apartment.

He said "tons of photographs" were found hanging on all the walls and a large number of newspaper clippings were left lying around.

McGlasson recalled that the photos were not pornographic in nature but were primarily of "children enjoying sports activities at summer camp."

The apartment owner said Grossman told him that he did a lot of work with boys groups, then asked him (McGlasson) if he would "donate some land for a camp."

McGlasson said he turned Grossman down.

Both McGlasson and Maldonado said Grossman frequently carried a camera around with him, and they believed the photographs on the walls had been taken by the fugitive.

McGlasson also said Grossman became "very vulgar and abusive" when told he would not get back his security deposit. Grossman gave a Plandome, N.Y. forwarding address when he moved out.

Reporters then traced Grossman back to the Harvey School, in Katonah, N.Y., where he taught science from 1973 to 1975.

Employment records at Harvey School, a private boys academy for students in fourth through ninth grade, show that Grossman earned his B.A. from Cornell University in 1963.

While at the school, reporters obtained a photograph of Grossman which was turned over to state and federal authorities conducting the search for the fugitive.

One science teacher at Harvey remembers that Grossman expressed considerable interest in oceanography, relating that Grossman said he was planning on teaching the subject at the University of Hawaii when he left the school in 1975.

Prior to joining the Harvey School, Grossman taught for 10 years, from 1963 to 1973, at the Blair Academy, an exclusive boarding school for boys in ninth through 12th grade in Blairstown,



April 14, 1977

## Scouts say leader sexually abused them

NEW ORLEANS (UPI) — Boys from 9 to 15 years of age — their parents among the spectators — testified Wednesday their Boy Scout master invited them to his home to play with electric trains, then sexually abused them and photographed the acts.

Dressed neatly in school clothes, the boys nervously answered questions posed by District Attorney Harry Cannick during the trial of Raymond Woodall.

The 38-year-old former assistant leader of Troop 137 in eastern New Orleans was the first of nine men indicted for an alleged Boy Scout homosexual ring to go to trial. Closing arguments were scheduled today.

A 14-year-old said two years ago, Woodall led him to a shed behind the defendant's house to look at toy trains, then forced him to perform oral and anal sex.

He said he had sex five times at one session while being photographed.

A 15-year-old said another assistant scout master, Harry Cramer, invited

him to the leader's apartment last year. Woodall was present and suggested the boy and Cramer pose for pictures.

The boy said he was ordered to undress and pose on a sofa with the fully clothed Cramer.

After that, Tom (Woodall) told me to come behind the couch," the witness said. He testified he and Woodall engaged in oral sex while photographs were taken.

Woodall is charged with 13 counts of having sexual relations with four boys aged 8 to 14 between March 1974 and September 1976.

During a recess in the trial, the brother of one victim said the families were suspicious of what was occurring.

"When they are flying my brother back and forth to Florida, he's coming home with new clothing and new bicycles everyday, that's enough to make you curious," one older brother said.

But police didn't begin investigating until a photo developing firm received obscene film to process.

APR 14 1977

## Ex-director of state camp arraigned on porn charge

By MARILYN WRIGHT  
Record-Eagle staff writer

TRaverse CITY — A former director of a children's summer camp in Michigan will be arraigned in Lake County, Ill. today on obscenity charges in connection with an alleged nationwide child pornography ring.

Elden Gale Wake, 40, publisher of the explicit "boylove" newsletter, Hermes, surrendered himself to the Lake County States Attorney's office Wednesday after learning he had been named in a criminal information bill.

Employment records at Trinity College where Wake was employed in the audio-visual department showed that he was a director of the Michigan camp during 1965 and 1966. Officials at the Lutheran college had been cooperating with authorities over the past three months but fired him Monday when he was publicly linked to the pornography ring.

Hermes, which is reported to sell some 5,000 copies bi-monthly, contains line drawings and photographs of nude boys, articles on boylove and coded

advertisements that enable subscribers to contact one another and to engage children in pornographic modeling and prostitution.

Six of the eight counts on which Wake was booked relate to the publication of Hermes. He also is accused of distributing a tape recording which police say describes a young boy's first sexual experience with an adult male, and the distribution of a calendar showing two boys engaged in a sex act.

Art Walker, chief investigator for the state attorney's office, said that authorities went to Wake's North Chicago home with a search warrant Wednesday and found it in disarray. Clothing was strewn about and suitcases were open, Walker said, suggesting that Wake and his wife, Wanda, were preparing to leave town.

Earlier in the week, he said, the couple sent their two children, aged 6 and 7, to Florida.

The chief investigator said both Wake and his wife, a special education teacher in a suburban Chicago school, were co-signers on a Hermes bank ac-

count. Mrs. Wake was not charged, however.

The Illinois obscenity law under which Wake was charged was declared unconstitutional a year ago by a federal court, but authorities expressed the belief that the ruling applied only to a specific case.

Walker said Wake had been under investigation for some time but his office had hoped to delay his arrest until after passage of a new child pornography law which provides stiffer penalties. He said officials decided to move swiftly because of the wide publicity given the case.

In wake of the publicity, Illinois Governor James Thompson announced Thursday that he was setting up a special task force to investigate child abuse, with particular emphasis on child pornography.

"The state is interested in taking steps to prevent so-called child pornographers from operating," Thompson said. "It is a sick system that allows such people to take advantage of children."



# Prosecutor vows to fight delays of priest's trial on porn charges

MAY 31 1977

WINCHESTER, Tenn. (UPI) — District Attorney Bill Pope said he would fight any attempt to delay the trial of a defrocked Episcopal priest accused of taking pornographic movies of youths living at his home for wayward boys.

Defense attorneys have indicated they would seek a delay in the trial of Claudius "Bud" Vermilye, 47, on 16 counts of violating state laws relating to

unnatural sex acts, slated to begin today.

He is charged with showing the youths obscene films and giving them liquor to loosen them up before taking movies and pictures of them engaging in homosexual activities.

Defense attorney Joe Bean said publicity in the case had "tainted the minds" of prospective jurors in this south-central Tennessee town. He said that in filing the delay motion he would cite a recent CBS-TV documentary on nationwide child pornography that mentioned the case.

Pope maintains Bean is responsible for much of the publicity.

The prosecution has summoned 55 witnesses, including some of the youths and sponsors of the home. Authorities said some of the sponsors received photographs of young boys engaging in homosexual activities.

The pictures and films were distributed nationally as well as to Canada and Australia, authorities said.

A \$1 million lawsuit has been filed against the home, Boys Farm Inc., some of its sponsors, and state Department of Correction officials in

behalf of one of the youths who lived at the home.

The suit claims David Forrester, 17, and others, who would not take part in homosexual activities, were "beaten, harassed and subjected to constant pressure to conform."

Vermilye, the divorced father of five children, started his controversial farm in 1971 — just after his divorce.

The Tennessee Episcopal diocese revoked his license following publicity over his arrest last November.

of orgies, 2 testify

JUN 3 1977

had sex with Vermilye, and testified the boys took the pictures themselves in Vermilye's house and developed them in his darkroom.

"How did you manage to hide all this from Vermilye all these years?" asked Assistant Attorney General Mike Lynch.

"It wasn't easy," Puckett said.

WINCHESTER, Tenn. (UPI) — Two boys testified that the residents of a home for wayward youths held homosexual orgies there for three years without the knowledge of the institution's director.

The Rev. Claudius Vermilye, an Episcopal priest, who runs Boys Farm Inc., is standing trial on charges of incest, sexual abuse, aiding and abetting, subornation and contributing to the delinquency of minors.

The prosecution contends the 46-year-old priest took photographs of the youths engaging in homosexual acts and sold pictures of them to other boys. He could get a maximum prison sentence of more than 40 years.

Benny Smith, 15, a resident of Boys Farm and the first defense witness to testify after the prosecution rested its case Thursday, said Vermilye began taking pictures of him when he got onto the farm four years ago.

However, the slightly built boy credited by the prosecution as "the key" to the case, said he held the photos were not only for boys artists.

About a year later, Smith testified he started engaging in homosexual acts with other farm residents, including another boy named David.

But he denied that Vermilye knew about it. He said the boys staged the orgies so sponsors of a mania could photograph them in return for cash rewards.

Smith said Vermilye found out about the orgies when he caught one of the boys photographing the boys during a party. He said the priest took the film and ordered the sponsor to leave.

One of the trial prosecution witnesses, James Puckett, 21, Thursday testified his original story that he had

WINCHESTER, Tenn. (UPI) — Judge Thomas Greer looked down at the defrocked priest, convicted of seducing boys sent to his farm for rehabilitation, and said "I have considered the fact that boys as young as 11 or 12 were involved in these crimes."

He told Claudius I. Vermilye that he was convinced two of the youths had perjured themselves in an effort to save him. And then he sentenced him to 25 to 40 years in prison. Vermilye showed no emotion.

crimes. He could have received 100 years.

Vermilye, whose license as an Episcopal priest was lifted by the church after his indictment, was described by the state as a "ringmaster" in a "house of horror and depravity."

He was accused of seducing his wards at his Boys Farm, Inc., making pornographic pictures of their homosexual encounters for sponsors who donated money to the farm, and arranging orgies there for visiting sponsors.



# Priest convicted of porno charges

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Detroit News?  
1977

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He was accused of seducing his wards at his Boy Farm, Inc., making pornographic pictures of their homosexual encounters for sponsors who donated money to the farm, and arranging orgies there for visiting sponsors.

Vermilye denied that he was a homosexual or that he had seduced the children. He said he had made nude pictures of them, but only to send to artists and to homosexuals to help them carry out their fantasies privately.

WINCHESTER, Tenn. (UPI) — Judge Thomas Greer looked down at the terrified priest, convicted of seducing boys sent to his farm for rehabilitation and said "I have considered the fact that boys as young as 11 or 12 were involved in these crimes."

The late Claudius Vermilye that he was convinced two of the youths had perjured themselves in an effort to save him. And then he sentenced him 10 to 40 years in prison. Vermilye showed no emotion.

It took a 10-year, two-woman jury 72 minutes Friday to find the 48-year-old, divorced father of five guilty on 12 counts of crimes against nature and sodomy and betting others in such



The Rev. Claudius Vermilye was convicted Friday of operating a pornographic camp with young boys during his tenure as an Episcopal priest in Tennessee. Vermilye was convicted on all counts. (UPI)

JUN 4 1977

Boston deal

## Michigan man among 17 charged for child pornography operation

BOSTON (UPI) — A social worker, a child psychiatrist, two staff members of a private boys school, and the president of an investment counseling firm.

The five unlikely suspects are among 17 persons, one of them from Michigan, charged with operating a homosexual prostitution ring in the Boston area involving boys between 8 and 13 years old. Youngsters said they were paid up to \$25 for each act.

One investigator termed it "the largest child porn operation in the state's history."

The Suffolk County district attorney's office said 15 of the suspects had been arrested by late Thursday. Authorities said they were also hunting for seven other men who were indicted by the same grand jury, but were not directly involved in the ring.

Among those indicted and still at large was a traveling salesman from Lapeer, Mich., identified as Leslie Akers, 47, charged with rape. Michigan State Police identified Akers as a bachelor who is employed by a small manufacturing firm in North Branch.

Two of the suspects were arrested in Atlanta and New York City. Authorities said others were being sought in Connecticut, Vermont, Maryland and Florida.

The 24 persons were charged on 86 counts, including indecent assault on boys under 14.

Assistant District Attorney John T. Gaffney said indictments climaxed a seven-month investigation and more indictments are expected.

District Attorney Garrett Byrne said at least testified before the grand jury. More than 60 boys reportedly connected with the ring at some time during a four-period under investigation, he said.

Among those arraigned were: James Dallman, teacher at a Newton, Mass. private boys school; Claridge, about 45, a former administrator at the school, and Dr. Donald Allen, 50, a Boston child psychologist. Also arraigned were Roger Spear, 44, president of Wellesley, Mass. investment counseling firm and Davis, 29, a Cambridge social worker.

Three other men indicted are now serving prison in state correctional facilities.

Investigators said the victims came from six communities north of Boston and were paid between \$25 for their participation in the homosexual activities reportedly were wards of the state. None of Allen's were involved, Gaffney said.

DEC 9 1977

Leslie Akers 47

Dec. 13, 1977

# Authorities seek porno pair

By MAHLYN WRIGHT  
Record-Eagle staff writer

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(First of a four-part series)  
TRAVERSE CITY — Federal authorities this week are intensifying their efforts to locate two fugitives sought by Michigan State Police in connection with a child pornography ring involving seven- to 16-year-old boys.

A full year has gone by since Ann Arbor millionaire Francis D. Sheldon and Dyer Grossman, a wealthy New Yorker, disappeared rather than answer criminal sexual conduct charges.

And, charges of obstructing justice and lying to a federal officer could be

## Shelden, Grossman remain missing after a full year

brought against a third man if authorities discover that he has been shielding the fugitives or aiding in their flight from justice.

The search for the two men has so far spread across 21 states and the West Indies with negative results.

FBI agents now say they are going to retrace their steps since they have uncovered "discrepancies" in contacts with acquaintances of Sheldon and Grossman.

Sources close to the investigation revealed that some of these discrepancies allegedly involve a New Jersey

homosexual child pornography activities.

The information was obtained by police after the existence of the organizations was revealed during a Record-Eagle investigation into Brother Paul's Nature Camp, an alleged sex ring operating on North Fox Island off Grand Traverse Bay.

Despite public exposure of the allegations, the organizations still retain their tax-exempt status granted by Internal Revenue Service. One IRS official told reporters that exemptions are harder to take away than to give.

"We get into the separation of church and state thing," he said.

Another official, however, denied that the separation of powers had anything to do with it.

"It's merely a long-drawn-out process to lift tax-exempt status," said Chicago IRS agent Jeff Raymond.

Raymond, who said federal law prohibits him from revealing whether the agency is investigating the Educational Foundation for Youth, explained the process:

"We cannot revoke exemptions on our own," he said. "We send a proposed revocation order to officials of a suspect organization and they then have a certain period of time to appeal the order to our national office."

The IRS agent also said if the so-called charitable companies are not functioning and appear on paper only, no action is taken to remove the tax exemption.

(Continued on Page 10)

Leads fizzle out

DEC 15 1977

# Grossman search widens

By MARILYN WRIGHT  
Record-Eagle staff writer  
(Copyright 1977, The Record-Eagle)  
TRAVERSE CITY — Dyer Grossman was reported to have spent last Christmas with his parents, the Abner Grossmans, in Plandome Manor, an exclusive Long Island, New York suburb. Federal authorities, however, are more anxious to know where he plans to spend this holiday season.

The man Adam Starchild claims may have "used" tax-exempt organizations to hide a child pornography ring, Grossman disappeared at the same time Frank Sheldon vanished a year ago, after warrants were issued for their arrests on criminal sexual conduct charges.

And, several prominent businessmen around the country say Grossman also used their names as members of the Ocean Living Institute advisory board without their permission.  
John Ripley Forbes, of Atlanta, Ga.,

was very angry when informed that Grossman had listed him as an advisor for the institute's youth camp and science center project.

Forbes was president of the New Hampshire Audubon Society, the Natural Science for Youth Foundation, and founder and first director of the Oregon Museum of Science and Industry. He also is listed in Who's Who in America.

Forbes said his name was used without his knowledge or authorization. He met Grossman, he said, through John Porter, of New Haven, Conn., and has not seen him since summer of 1976. Grossman had talked to him about setting up science camps in Washington and Oregon, he said.

Porter, another purported advisor, is considered the "grand old man" of camping. He owned and operated Camp Kaybeun, a summer camp for boys in Alton, N.H. for over 40 years.

Porter said he has known the Grossman family for years, and was "shocked" to learn that Dyer Grossman was a fugitive on criminal sexual conduct charges. Grossman was a camper at Kaybeun and later camp director, he said.

A charter member of the American Camping Association and first vice-president of the New England Camping Association, Porter said he was not aware his name was being used in connection with Ocean Living Institute.

Bailey Smith, a New York stock broker and executive vice-president of Hoppin, Watson, Inc., also denied any involvement with the institute.

An oceanography enthusiast, Smith said the plans Grossman presented to him "will be practical 1,000 years from now." Smith last saw Grossman in January, 1976, he said, when Grossman told him he had been scouting a former Girl Scout camp in the northwest as a potential site for an ocean science camp for boys 12 to 17 years old.

The Record-Eagle also has been unable to locate three reported trustees of the institute or contact any of the remaining persons listed as original incorporators of the suspected front operations.

The search for Grossman, a former teacher in two private eastern boys

schools, has spread from to the West Coast and a while, authorities the located Grossman in Hawaii was reported to have work at the University taught at St. Louis High 1965 to 1967.

That lead fizzled out, it was learned that the member was another C

FBI agents also trace Seattle, Wash. where a vehicle registrations Chevrolet Suburban with the fugitive.

That van may be California, authorities said. Authorities also locate Tacoma, Wash. where as Grossman and registered name E. D. Grossman month. The motel operator that Grossman had camera equipment installed had noted no suspicious Post office boxes registered in Washington and California

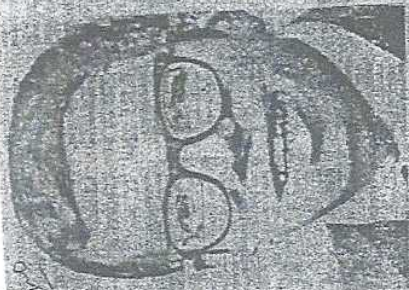


Dyer Grossman  
... used others' names

Part III



# Child a man of mystery



The photo of Alan Starchild appeared in The Advocate, a gay newspaper. It was sent to the Record-Examiner from California.

Young said the attorney told he could not answer questions concerning business matters his law firm did handle—because of the attorney-client relationship.

It is known, however, that Starchild is linked to at least one Jamaican trust company, The Trust Co. of West Indies Ltd., which was incorporated by Starchild and a New Jersey attorney, Ralph Pucetola III.

Starchild is reported to be traveling extensively and attempts to reach him were unsuccessful. Pucetola, however, talked openly with reporters at an occasion connected with Starchild's return to company and several other organizations now suspected by police of being fronts for child pornography operations.

Investigation say the New Jersey man represented Sheldon in transferring the Ann Arbor millionaire's "considerable stock holdings" from a New York brokerage house to a West Indies trust company.

Those same sources say Starchild presently is acting as an agent handling these funds.

A spokesman for the New York firm, Hornblower & Weeks, was unable to confirm or deny the reports. "When an account has been inactive for more than six months, the account name is culled from the computer," he said.

Sheldon's Birmingham attorney, Bennett Young, did confirm that the sale of the plane and the transfer of securities were not handled through his

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# ... Starchild man of mystery

(Continued from Page One)  
and ship them to underprivileged schools overseas.

Fucetola added that the foundation was "defunct" and an application for an Internal Revenue Service tax exemption had been withdrawn.

He said that the trust company and the foundation were set up to "avoid" taxes, emphasizing that "there is a difference between legitimate tax avoidance and tax evasion."

Fucetola is somewhat of an expert in that field, having been one of the organizers of a statewide tax revolt during 1976 that gained national attention.

Fucetola said his only connection to the alleged front organizations was in his former capacity as Starchild's attorney, and as someone who leased Starchild space in family-owned offices in North Arlington, N. J.

Fucetola said he does not represent Starchild now and hasn't seen him for more than a year.

In a telephone interview with the Record-Eagle last April, Starchild denied allegations that the organizations were set up as tax dodges or fronts for child pornography. He said, however, that Dyer Grossman, the New York man sought, along with Sheiden on criminal sexual conduct charges, may have "used" them as such.

Both the church and the pornography institute were "post office box operations," Starchild said, but the institute had an active mailing list of 2,600.

In that phone conversation, Starchild said he was actively engaged in church activities and pornography pursuits.

In a later letter to this newspaper Starchild appeared to contradict earlier statements, claiming that his involvement with the suspect organizations was "solely" to lend his name as incorporator.

"Under the law an incorporator need have no interest in the corporation, his function ceases as soon as the corporation is chartered by the State," he wrote.

Tennessee authorities, however, say Starchild's name and the Church of the New Revelation turned up in their investigation into an illicit sex ring operating as the Tennessee Boys Ranch.

"There is no church," said Pat Fouldin, an investigator with the Tennessee Attorney General's office. "It's just a referral agency which distributes the pornography around the country."

The director of the firm, The New Church of the New Revelation, Inc., has since been sentenced to 18 months in

prison following his conviction on 12 counts of crimes against nature and abetting others in such crimes.

Among the items seized in a raid on the farm were photographs and films depicting homosexual acts between youths at the farm as well as a list of more than 270 "active sponsors," many of whom allegedly visited the farm and also allegedly engaged in homosexual acts with the boys.

Sheiden's name was listed among the sponsors.

The New Jersey man also took issue with the Record-Eagle's report that the name "Adam Starchild" was an alias.

However, an investigation by the newspaper revealed that Starchild was born Malcolm McConahy.

That investigation also appears to refute further Starchild's claims that he has "never been involved in the kinds of immoral and illegal behavior reported in your article. . ."

Malcolm McConahy was convicted in 1933 of Title 18 U.S. Code Sec. 1481 (mail fraud) in U.S. District Court in Milwaukee, Wisconsin.

He was sentenced Jan. 9, 1933 to one year and one day on three counts of mail fraud, the sentences to be served concurrently. McConahy, however, failed to appear April 21, 1933 for sentence to be carried out. His bond was revoked and a bench warrant was issued for his arrest one week later.

McConahy went to England where he was arrested by Scotland Yard on forgery charges. Convicted of forging certificates of deposit on an English bank, McConahy served four years in a London prison.

U.S. Marshals arrested McConahy on Feb. 8, 1934 as he stepped off a plane in New York. Charged with unlawful flight and bail jumping, McConahy was extradited to Wisconsin where he was convicted on the second charge and sentenced to an additional one year and one day.

McConahy remained in custody of the U.S. Marshal pending appeal of his conviction but, finally, in May, 1934, he was transported to Sandstone Prison in Wisconsin to begin serving his concurrent sentences. He was released from federal prison in July, 1934.

In September of that year, the 27-year-old McConahy turned up in U.S. District Court in Trenton, N.J., asking to be declared indigent so he could resume records of the City of London without the mandated pre-payment of service fees, according to the Bergen County Record.

McConahy was attempting to retrieve three Tennessee checks for advance marital funds which Scotland Yard seiz-

ed when it arrested him for 1 loss of those documents, McC claimed, cost him \$652,000. A spaper reported.

In that same time frame, in Adam Starchild was setting Church of the New Revelation a tax-exempt organization that suspect of being "fronts" for t pornography industry.

In February, 1976, a photograph identified by New Jersey source man known to them as Malco Conahy appeared in a gay net with the name of Adam Starchild.

"President Ford probably know it," The Advocate wrote, gave a Presidential Sports Award openly gay business consultant Starchild, vice-president of Hudson Business Service. Kean received the award certificate by the President for his contributions through the Quisico wilderness area of Minnesota tario."

One month later, this c appeared in a weekly newspa Kearny Observer, on March 4:

"Malcolm McConahy, of 33 St., was killed in an auto acc Minneapolis, Minn. while relatives. McConahy was ti manager for the West Hudson Service and recently opened consulting firm, McConahy & Co. is survived by a bro Tennessee."

In May, 1976, McConahy res in Bergen County courthouse sought dismissal of a lawsuit had filed a year earlier ag mother.

Another suit, this one ag Commercial and Farmers California, was dismissed in County and ratified in California 1976, courthouse records show suit, McConahy claimed the sold the Trust Co. of Jamaica Chamber for \$50,000, but documents were transferred bank, the "fellow didn't pay a ad in fraudulent transaction made the firm worthless."

That trust company may b the forerunner of the Trust of West Indies, Ltd.



The Record-Eagle,

# Porno figure running out of pl

## UPDATE

By MARIANN WHIGHI  
Ottawa News Service

TRAVERSE CITY — Francis D. Sheldon, the Ann Arbor millionaire sought by state and federal authorities in connection with a nationwide child pornography ring, may be running out of places to hide.

Slightly more than a year and a half ago Sheldon was on top of the heap. The son of a prominent Grosse Pointe family, educated at Cranbrook in Bloomfield Hills and Yale University, he was comfortably ensconced in the family's land development firm headquartered in Detroit.

At will, he could climb into his Piper Cherokee plane and fly off to North Fox Island, his privately owned hideaway

appearing in hard-core pornographic magazines were tentatively identified as having been shot on Sheldon's island retreat. And in December 1976, he was charged with two counts of criminal sexual conduct involving eight and 14-year-old boys.

Further than face the charges, Sheldon fled his Ann Arbor home and initially was believed to have sought refuge with other unsuspected members of the child pornography ring in New Jersey and Arizona.

An associate of Sheldon's in Brother Paul's Children's Mission and other allegedly phony religious and charitable organizations, Dyer Grossman of Plainville, N.Y., disappeared along with Sheldon. He, too, was charged with two counts of criminal sexual conduct.

The search for the two men spread across 21 states and the West Indies before concentrating in Europe where both men are now believed to be hiding. Last December, federal authorities came within inches of capturing Grossman after he was questioned by

California police men later arrested him on charges in a pornography case.

But Gro... managed to routine the fugitive, wa authorities. Sheldon, i able to mo Europe, this trust fund n

investigator Jersey mi director o charitable Conaty, an in federal p jumping cha

The sourc Sheldon, he Herewe Sa terest in i Starchild d Today th

# running out of places to hide

## DATE

Mission, a pseudo nature camp, set up according to convicted sex offender Gerald Richards, who was an associate of Sheldon, as a tax dodge and front for pornographic activities involving young boys six to 16 years of age.

Lewd and lascivious photographs of Sheldon, a convicted sex offender, are being sought by police in the West Indies before concentrating in Europe where both men are now believed to be hiding.

California police in the company of two men later arrested a child prostitution pornographer in connection with a suspected pornography operation there.

But Grossman, using an alias, managed to flee the country before a routine check identifying him as a fugitive was returned to California authorities.

Sheldon, meanwhile, apparently was able to move about quite freely in Europe, financed through a West Indies trust fund managed by Adam Starchild, an investigator, said Starchild, a New Jersey man named as founder and director of several of the suspect charitable organizations, was subsequently identified as Malcolm McConally, an ex-convict who served time in federal prison on mail fraud and tax jumping charges, and in London, in felony charges.

The source of these funds was denied Sheldon, however, when the Internal Revenue Service began taking an interest in the so-called "trust," and

and world traveler is, essentially, a man without a country.

As a federal fugitive, Sheldon's passport had to have been revoked although the State Department refuses to confirm or deny the revocation under the Privacy Act. His pilot's license, another avenue of escape, has expired. Under Federal Aviation Administration rules, a pilot must have periodic physical examinations by U.S. doctors.

And, the State Department is currently negotiating expanded extradition treaties with European countries. In Germany, for example, the United States recently concluded negotiations which made "unlawful sexual acts with or upon children" an extraditable offense. Such crimes are already included in treaties with France and England, with similar negotiations about to get underway with The Netherlands, a state department spokesman said.

Free time, something the Ann Arbor millionaire probably paid scant attention to a year and a half ago, appears to be a luxury even he can no

0 0 0 ?

## Figure in North Fox child-sex ring dies

■ Francis D. Shelden was charged, but never extradited after fleeing the country

By WILL SCOTT  
Record-Eagle staff writer

8/5/76

LELAND — Francis D. Shelden, who fled the country 20 years ago after he was charged with running a child-sex ring on North Fox Island, died last month in the Netherlands.

Shelden, 68, reportedly was found dead in his apartment on July 1 of natural causes.

Shelden's attorney, L. Bennett Young of Bloomfield Hills, confirmed that Shelden died but declined further comment.

Shelden disappeared in late 1976, shortly after police charged him with criminal sexual conduct for allegedly having sex with a 14-year-old boy in Port Huron and a 10-year-old boy on North Fox Island.

Shelden was a member of a prominent family in Bloomfield Hills. He was a geologist, part-time university professor, land developer and oil consultant who owned properties in Charlevoix County, oil wells in Kansas and a lodge in Aspen, Colo.

He was also a member of the board of directors of the Cranbrook Institute, an exclusive school in Bloomfield Hills that he attended before earning an undergraduate degree at Yale.

His link to child pornography surfaced in July 1976 after police arrested Gerald Richards for child sexual abuse. Richards was director of Brother Paul's Nature Camp on North Fox Island, and president of Brother Paul's Children's Mission. Both organizations claimed to benefit troubled youths, but authorities said they were part of a child-pornography ring that preyed on such youngsters.

Shelden disappeared within days of Richards' arrest. Five months later Shelden was charged with two counts of child sexual abuse, once in Port Huron and once on the island, involving different victims.

After a nationwide search, authorities discovered he was living in the Netherlands. He was never extradited.

Richards' arrest led to a national investigation that uncovered a child-porn network including a boys' camp in Alto, Tenn., run by an Episcopal priest, and a Boy Scout troop leader in New Orleans.